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POLAND: Police Action

The regime has publicized a recent police sweep of the country to deter increased resistance to martial law. Church-state contacts are continuing despite strained relations. Industrial production fell last month, largely because of Western sanctions, and West Germany has announced new sanctions against the USSR.

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//Polish radio yesterday announced that the police recently conducted a broad two-day sweep of the country to check compliance with martial law restrictions and found 145,000 individual violations. The police detained at least 3,500 persons, instructed 4,000 others to appear in misdemeanor courts, and fined another 7,500.//

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Comment: Previous, smaller sweeps have not been effective. The reporting on the large number of martial law infractions could reflect implicit criticism of the lax enforcement of regulations, especially since conservative Politburo member Olszowski apparently supervises radio and television. There may be debate in the leadership on the need for the regime to crack down on opposition activities.

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recently had arranged a private meeting between Deputy Premier Rakowski and Church spokesman Orszulik. Orszulik said Solidarity leader Walesa is being held in a castle about 25 kilometers east of Warsaw.

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Comment: Rakowski and Orszulik are known to advocate Church-state cooperation. Rakowski presumably was interested in getting a reading on the recent discussions in Rome between Archbishop Glemp and the Pope. Orszulik probably sought information on the regime's plans for easing martial law restrictions.

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Industrial production fell last month in virtually every sector, especially those dependent on Western materials. Output of automobiles and aluminum was about 50 percent below that of the same month last year, and production of rolled steel and plastics declined by about 30 percent.

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Coal production, on the other hand, rose by 5 percent. Hard currency trade registered a surplus as imports dropped by more than 40 percent while exports declined by only 30 percent. [redacted]

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Comment: Passive resistance may have contributed to the poor performance, but the major factor was the shortage of Western materials due partly to Western sanctions. The collapse of automobile production, for example, stems from Italy's action blocking credit lines that allow the Poles to buy car components. [redacted]

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//The new sanctions against Moscow announced yesterday by the West German Government include curtailing meetings with Soviet officials, limiting "political" trips to the USSR, prohibiting the establishment of new Soviet Consulates General, and postponing talks on scientific and shipping agreements. [redacted]

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[redacted] The Dutch Parliament, meanwhile, has decided to deny Warsaw further financial and economic aid, except for humanitarian assistance, as long as martial law continues.// [redacted]

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Comment: //These sanctions--which were developed following a NATO meeting earlier this month--are designed primarily to demonstrate Alliance solidarity. Neither West Germany nor the Netherlands, however, is likely to take other moves unless the situation in Poland deteriorates significantly and additional measures are agreed to by the EC and OECD.// [redacted]

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ZIMBABWE: Implications of Nkomo's Ouster

The dismissal of Joshua Nkomo and two of his party lieutenants from the cabinet yesterday may lead to violent clashes between supporters of Nkomo's Zimbabwe African People's Union and Prime Minister Mugabe's Zimbabwe African National Union.

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The government set the stage for the ousters last week when it accused Nkomo of subversion after the discovery of secret arms caches on ZAPU-owned property. On Tuesday, the government confiscated the holdings of 11 ZAPU companies and raided the party's headquarters.

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Comment: These steps effectively end the coalition between Mugabe's party and ZAPU, which held five of the 26 cabinet positions. The coalition had always been shaky, and Mugabe has in recent months publicly professed his desire for a one-party state.

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//Mugabe apparently has calculated that he can move against Nkomo and other top ZAPU leaders without forcing their followers into open opposition.

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The prospects for bloodshed will increase significantly if the government does bring Nkomo and other top party officials to trial. Renewed violence would test Zimbabwe's newly integrated Army, which contains former guerrillas from both ZAPU and ZANU.

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During the disturbances in the town of Bulawayo in southwestern Zimbabwe a year ago that left over 200 people dead, the government had to rely on white-led former Rhodesian battalions to contain the violence. Some white commanders have since been replaced with former guerrillas, and Salisbury may have greater difficulty maintaining order.

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The government also may move against other, smaller black parties and the white Republican Front, which have in the past been accused of plotting with ZAPU against Mugabe. The government's harsh measures will further demoralize whites and discourage foreign investment.

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EC-JAPAN: Trade Barriers at Issue

//The EC Commission, increasingly unhappy over the Community's large trade deficit with Japan, reportedly is ready to initiate proceedings against Tokyo for alleged violations of the GATT code.//

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//The Commission will ask members for the mandate to begin such proceedings when the foreign ministers meet on Monday. The EC's trade deficit with Japan last year topped \$11 billion for the second year in a row. Although this is only half the EC's deficit with the US, Japanese exports to the EC are highly visible and concentrated in a few major industries, especially automobiles and consumer electronics.//

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//The members of the Commission believe that Tokyo's numerous rules enforced on imports into Japan are restricting foreign competition. They point out that EC imports from Japan rose more than 50 percent between 1978 and 1980, but exports to Japan grew by less than one-third.//

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Comment: //EC countries probably will get little redress as a result of formal GATT proceedings, which can be lengthy and seldom produce specific measures against an offending state, but the Commission wants to maintain pressure on Japan to reduce import restrictions. The proceedings probably also will help preempt EC governments that are threatening to take measures unilaterally to restrict Japanese imports. Such retaliation would seriously weaken the Commission's influence in formulating EC trade policy.//

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IRELAND: Election Outlook

//Opinion polls indicate the election today is a tossup, but, regardless which party wins, the new government is likely to adopt economic austerity measures and to continue the Anglo-Irish dialogue on the Ulster problem.// [redacted]

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//Prime Minister FitzGerald hopes that his popularity advantage will give his Fine Gael - Labor coalition the edge over opposition leader Haughey's Fianna Fail. The certainty that Fianna Fail will remain the plurality party means that FitzGerald's hope also rests on the badly divided Labor Party's willingness to rejoin the coalition and on the backing of independent deputies, if any are elected.// [redacted]

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//Fine Gael and Labor have campaigned on the need for the same tight budget that brought down their eight-month-old coalition last month when it lost the support of several independent deputies. Fianna Fail began the campaign by attacking the government's austerity approach, but it has since conceded that economic problems cannot be solved without some belt-tightening.// [redacted]

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//Polls suggest that Northern Ireland will have little effect on the election, despite efforts by small extremist parties to make it an important issue. Polls also indicate that, without the publicity of the hunger strikes, the Provisional Sinn Fein--the political wing of the Provisional Irish Republican Army--and other small parties will be hard pressed to win any seats.// [redacted]

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Comment: //The approaches of a Fine Gael or a Fianna Fail government to the economy and to Northern Ireland would differ more in form than substance. Haughey would be more inclined to borrow to cover deficits, however, and would take a less draconian approach to tax increases and budget cuts. He also would be more inclined to discard FitzGerald's bid to modify the constitution to make it more palatable to Ulster Protestants, preferring to deal directly with London and ignore the Ulster Unionists.// [redacted]

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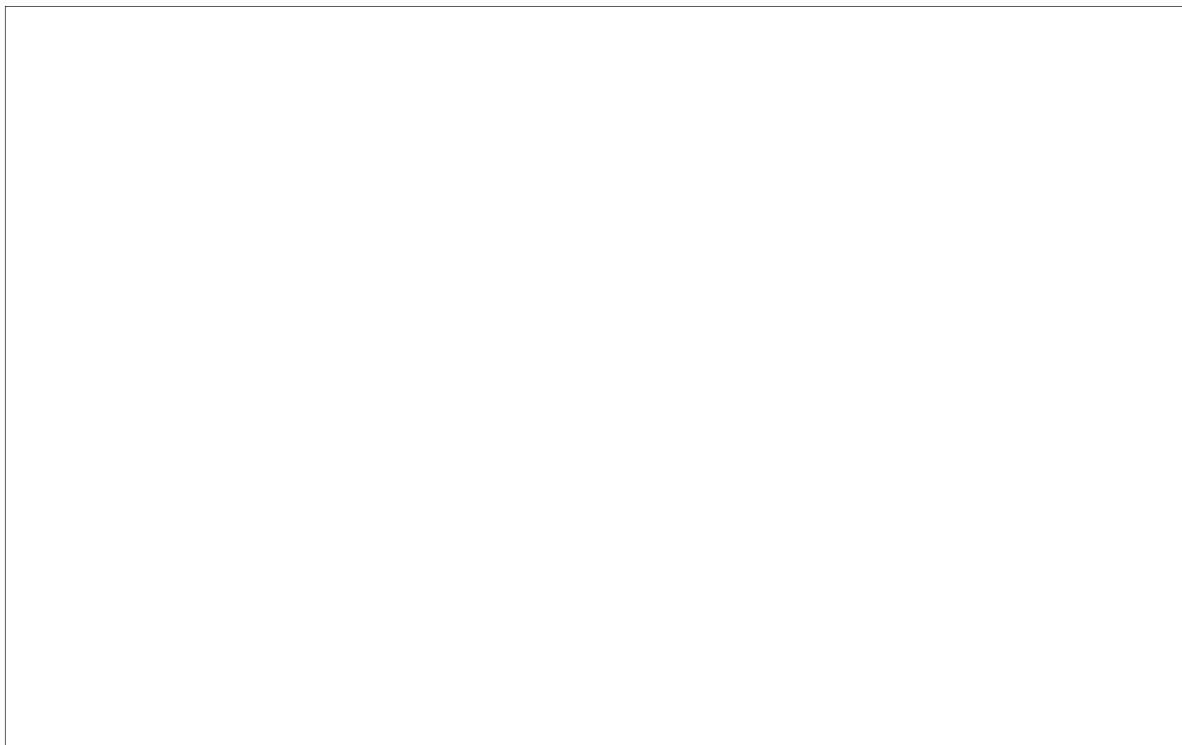
IRAN: Rumors About Khomeini's Health

President Khamenei recently told Western newsmen that a "council of experts" will meet "soon" to designate three to five persons to assume Ayatollah Khomeini's authority when he dies. According to a government spokesman, the "council of experts" will not be chosen until late April. Iranian exiles have cited Khamenei's statement and a subsequent announcement that Khomeini had canceled appointments for the next two weeks as evidence that Khomeini is near death. [REDACTED]

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Comment: There is no evidence that Khomeini is seriously ill. He frequently goes into seclusion after a period of increased activity, such as the celebrations of the third anniversary of Islamic Republic earlier this month. Nonetheless, leading clerics apparently are taking precautions to ensure their continuing control in the post-Khomeini era. For example, some clerics noted publicly last month that the constitution provides for a small group to succeed Khomeini. [REDACTED]

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ZAMBIA: Kaunda's Anti-US Posture

President Kaunda's recent public charge that the US is colluding with South Africa to undermine his government and other black-ruled states reverses the trend toward better relations. Bilateral ties had been improving after reaching a low point last summer, when Lusaka expelled two US diplomats and arrested a Zambian official on charges of spying for the US. [redacted]

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Comment: //Kaunda's suspicions about US intentions probably are being exploited by leftists in the government, including defense and security chief Zulu, and aggravated by misinformation supplied by Moscow and its allies. The Soviets probably hope that Kaunda's fears of subversion could complicate the administration of the US aid program and make him more skeptical of any new US proposals on Namibia. Nevertheless, Zambia's need for continued aid is likely to preclude any drastic moves at this stage against the US.// [redacted]

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ITALY: Socialist Political Maneuvering

The leaders of the five parties that support Prime Minister Spadolini's government reportedly will meet next week, ostensibly to discuss the situation in El Salvador. The Socialists and the Social Democrats--the most restless of Spadolini's allies--have been pushing for such a meeting since mid-December. The Socialists have fastened onto the acrimonious debate on El Salvador last week in the Chamber of Deputies as yet another reason why such a meeting is essential. Socialist leader Craxi is looking for an issue that will allow him to provoke a crisis but not a backlash against his party. [redacted]

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Comment: Craxi apparently sees potential for political gain in exploiting the El Salvador issue. His decision to disassociate the Socialists from the government's equivocal statement over the weekend on the problem has been a key to rising political tensions in recent days. If the five-way meeting takes place as reported, Craxi may use it merely to underscore his party's views on government policy. The Socialist leader is angling for Spadolini's job, however, and, if he has decided the time for his move is right, El Salvador could be a serviceable pretext. [redacted]

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EAST GERMANY: Austerity Measures

East German leader Honecker told party officials last week that changes in the world economic situation since the economic plan for 1982 was approved in December will require additional austerity measures, including reduced grain imports, greater oil conservation, and increased lignite production. Although GNP growth in recent years has been among the highest in Eastern Europe, East Germany continues to run large balance of payments deficits and has begun to encounter increased reluctance by Western bankers to extend new loans. [redacted]

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Comment: Honecker's remarks suggest that the East Germans believe that their borrowing prospects are poorer than they previously realized and that major reductions in hard currency imports are necessary. Reduced grain imports are likely to lead to politically sensitive reductions in meat production. In addition, East Berlin's economic troubles probably will make the regime more eager to extract the maximum benefit from its economic relations with West Germany. This will, in turn, put East Germany in a weaker position to resist demands by Bonn for political concessions. [redacted]

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USSR: Industrial Output Down

Preliminary reports from Moscow indicate that Soviet industrial output fell last month compared with the performance a year ago. Particularly sharp drops in industrial materials, notably steel and cement, coupled with small declines in oil and coal, are harbingers of continued poor performance in production of finished goods over the months ahead. Despite record-level imports of feedstuffs, production of meat and milk also was down sharply. [redacted]

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Comment: No single major reason was given for the poor industrial performance. Unlike 1978, when weather conditions severely curtailed industrial output in January and February, the weather last month was not unusually severe. The preliminary reports indicate that several prolonged power interruptions may have played a role. [redacted]

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